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Case file**Memorandum**

VIA FACSIMILE AND REGULAR MAIL

To: Steve Ward, Office of Public Advocate  
Tony Buxton, Industrial Energies Consumer Group  
Beth Nagusky, Independent Energy Producers of Maine  
Sue Jones, Natural Resources Council of Maine  
Ken Farber, Central Maine Power  
Jean Mayhew Carter, via U.S. Mail

From: James I. Cohen

Date: October 23, 2002

Re: Docket No. 2001-245 Re: Investigation of Rate Design of Transmission and Distribution  
Utilities/Draft Stipulation

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Enclosed please find the final Stipulation in the above-referenced matter. There were only two minor changes requested, which have been made. After you have an opportunity to review the Stipulation, please sign and return the signature page to me by facsimile and regular mail. Once I have received the required signatures, I will file the Stipulation with the PUC. The exhibits previously forwarded to you have not been changed.

If you have any questions, please feel free to call.

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KANSAS CITY • WASHINGTON, D.C.

**STATE OF MAINE  
PUBLIC UTILITIES COMMISSION**

Re: Maine Public Utilities Commission,  
Investigation Into the Rate Design of  
the Transmission and Distribution Utilities

**STIPULATION**

Docket No. 2001-245

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The undersigned, being all of the parties to this proceeding, hereby agree and stipulate as follows:

**I. PURPOSE**

The purpose of this Stipulation is to settle all issues in this proceeding relating to Bangor Hydro-Electric Company (BHE), to avoid a hearing on those issues raised in this case and to expedite the Public Utilities Commission's consideration and resolution of the proceeding. The provisions agreed to herein have been reached as a result of information gathered through discovery and discussions among the parties in this case.

**II. PROCEDURAL BACKGROUND**

1. The Maine Public Utilities Commission ("MPUC") commenced an investigation into the rate design of BHE, Central Maine Power Company, and Maine Public Service Company. The Notice of Investigation limited the scope of the case to four issues, summarized as follows: (1) whether revenues currently recovered through kWh charges should be shifted to fixed and/or demand charges; (2) whether time-of-use periods should be modified to match industry standards, (3) whether seasonal rate differentials should be reduced or eliminated, and (4) whether rate design changes should be phased-in. The investigation was not intended to include consideration of distribution cost class allocations or the redesign of stand-by rates.

2. On April 12, 2002, BHE filed the Prefiled Direct Testimony and Exhibits of Mark P. Colca and John B. Wagner. On April 26, 2002, BHE filed Supplemental Prefiled Direct Testimony. This was followed by data requests and a Technical Conference on May 29, 2002. Subsequently, Interveners filed testimony and another Technical Conference was held on July 18, 2002. Settlement conferences were then held on July 26, 2002, August 14, 2002, and September 12, 2002.

3. Following the settlement conferences, the undersigned parties agreed to enter into this Stipulation according to the terms set forth below.

### III. APPROVALS AND FINDINGS BY COMMISSION

Based upon the record in this case, the parties to this Stipulation agree and recommend that the Commission conclude BHE's involvement in this proceeding by issuing an order which approves, accepts and adopts this Stipulation, including the following provisions:

1. BHE will undertake no rate design changes as a result of this proceeding with respect to the stranded cost portion of its rates.
2. With respect to the distribution component of BHE's rates, BHE will apply any decreases or increases authorized by ARP 2002 (Docket No. 2001-410) equally across all rate elements in accordance with the Stipulation entered into in that proceeding, or subsequent MPUC rulings to implement ARP 2002, except with respect to rate classes whose distribution rates are seasonally differentiated. For those classes whose rates are seasonally differentiated, BHE will apply any rate decreases authorized by ARP 2002 to the winter kW or kWh rate components in

such amounts to achieve the change in annual distribution revenue requirements indicated by ARP 2002. Such decreases will continue until such time as the seasonal difference in the rates for that class is eliminated. Thereafter, rate decreases for such classes will be implemented as currently directed by ARP 2002. A schedule showing how this rate change would be implemented based on expected ARP 2002 decreases is attached hereto as Exhibit 1.

#### IV. PROCEDURAL STIPULATIONS

1. Staff Presentation of Stipulation. The parties to the Stipulation hereby waive any rights that they have under 5 M.R.S.A. §9062(4) and Section 742 of the Commission Rules of Practice and Procedure to the extent necessary to permit the Advisory Staff to discuss this Stipulation and the resolution of this case with the Commissioners at the Commission's scheduled deliberations, without providing to the parties an Examiners Report or the opportunity to file Exceptions.

2. Record. The record on which the parties enter into this Stipulation and on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of (a) this Stipulation; (b) all prefiled testimony and exhibits; (c) all documents and information provided in responses to written or oral data requests; and (d) the transcripts of any Technical Conferences and any other material furnished by the Advisory Staff to the Commission, either orally or in writing, to assist the Commission in deciding whether to accept and approve this Stipulation.



3. Non-Precedential Effect. This Stipulation shall not be considered legal precedent, nor shall it preclude a party from making any contention or exercising any rights, including the right of appeal, in any future Commission investigation or proceeding or any other trial or action.

4. Stipulation as Integrated Document. This Stipulation represents the full agreement between the parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

5. Incorporation of Attachments. All attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

6. Void if Rejected. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall be void and of no further effect and shall not prejudice any position taken by any party before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

Respectfully submitted this \_\_\_\_\_ day of October, 2002.

Bangor Hydro-Electric Company

By: \_\_\_\_\_

Office of the Public Advocate

By: \_\_\_\_\_

Central Maine Power Company

By: \_\_\_\_\_

Independent Energy Producers of Maine

By: \_\_\_\_\_

Industrial Energy Consumers Group

By: \_\_\_\_\_

Natural Resources Council of Maine

By: \_\_\_\_\_

Jean Mayhew Carter

By: \_\_\_\_\_

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